

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0670-01  
Bill No.: HB 213  
Subject: Utilities; Auditor, State  
Type: Original  
Date: February 5, 2015

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Bill Summary: This proposal modifies provisions relating to the formation and auditing of joint municipal utility commissions.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	(\$166,277)	(\$121,958)	(\$123,178)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$166,277)</b>	<b>(\$121,958)</b>	<b>(\$123,178)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	5 FTE	5 FTE	5 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>5 FTE</b>	<b>5 FTE</b>	<b>5 FTE</b>

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
<b>Local Government</b>	<b>(\$166,277)</b>	<b>(\$121,958)</b>	<b>(\$123,178)</b>

## **FISCAL ANALYSIS**

### **ASSUMPTION**

Officials from the **Office of the State Auditor (SAO)** estimate that the additional required duties in relation to this bill would require 5 FTE (1 at the manager level, 2 at the Senior Auditor level and 2 at the Staff Auditor level). This estimate is based on the estimate of the current number of joint municipal utility commissions created under the provisions of Section 393.700 to 393.770. In the case that new commissions are established the fiscal impact on the state auditor's office will increase.

Officials from the **Department of Economic Development - Public Service Commission** and the **Office of the Public Counsel** each assume the proposal will have no fiscal impact on their respective organizations.

**Oversight** assumes the proposal requires the municipal members of the joint municipal utility commission being audited shall jointly pay all expenses incurred in making the audits, including the salaries of auditors, examiners, clerks, stenographers, and other employees of the state auditor conducting the audit. Since the size, location or future audit issues involved are unknown, an accurate estimate of cost each commission would be required to pay would vary depending on each of these factors. For fiscal note purposes, Oversight will assume half of the cost estimate will be paid by the SAO and half of the cost estimate will be paid for by the members of the joint municipal utility commission being audited. Oversight will still show an estimated FTE change of 5 to the SAO but will only reflect half of the cost to the SAO and half of the cost to Local Political Subdivisions.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
<b>GENERAL REVENUE</b>			
<u>Cost - SAO</u>			
Personal Service	(\$100,626)	(\$121,958)	(\$123,178)
Fringe Benefits	(\$52,331)	(\$63,425)	(\$64,059)
Expense and Equipment	(\$13,320)	(\$815)	(\$835)
<u>Total Cost - SAO</u>	<u>(\$166,277)</u>	<u>(\$186,198)</u>	<u>(\$188,072)</u>
FTE Change - SAO	5 FTE	5 FTE	5 FTE
<b>ESTIMATED NET EFFECT TO THE GENERAL REVENUE</b>	<b><u>(\$166,277)</u></b>	<b><u>(\$121,958)</u></b>	<b><u>(\$123,178)</u></b>
Estimated Net FTE Change for the General Revenue Fund	5 FTE	5 FTE	5 FTE
<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Cost - auditing of utility commissions</u>	<u>(\$166,277)</u>	<u>(\$121,958)</u>	<u>(\$123,178)</u>
<b>ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>(\$166,277)</u></b>	<b><u>(\$121,958)</u></b>	<b><u>(\$123,178)</u></b>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

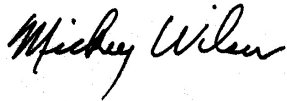
This proposal requires the state auditor to make audits of all joint municipal utility commissions beginning in 2016 and every two years thereafter. The expenses for the audits, including the salaries of clerks, examiners, stenographers, auditors, and other employees of the auditor's office, will be paid jointly by those municipal utilities being audited. The auditor must submit a report to the elective officers of each of the members of the joint municipal utility commission and each municipal governing entity as specified in the bill.

FISCAL DESCRIPTION (continued)

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the State Auditor  
Department of Economic Development

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Director  
February 5, 2015

Ross Strobe  
Assistant Director  
February 5, 2015